

176670

Lance J.M. Steinhart, P.C.
Attorney At Law
1720 Windward Concourse
Suite 250
Alpharetta, Georgia 30005

Also Admitted in New York
and Maryland

Telephone: (770) 232-9200
Facsimile: (770) 232-9208
Email: lsteinhart@telecomcounsel.com

November 4, 2005

VIA OVERNIGHT DELIVERY

Mr. Charles L.A. Terreni
Chief Clerk/Administrator
SC Public Service Commission
101 Executive Center Dr., Ste. 100
Columbia, SC 29210

Re: Budget Phone, Incorporated
Petition for Designation as an Eligible Telecommunications Carrier
Docket No. 2005-219-C

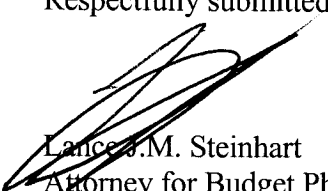
Dear Mr. Terreni:

Enclosed please find for filing an original and twenty-five (25) copies of the company's testimony in the above-referenced Docket.

I have enclosed an extra copy of this letter to be date-stamped and returned to me in the self-addressed, postage-prepaid envelope I have provided.

If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me. Thank you.

Respectfully submitted,



Lance J.M. Steinhart
Attorney for Budget Phone, Incorporated

Enclosures

cc: Mr. Ron Munn (w/enc)

Florence P. Belser, Esquire
ORS
P. O. Box 11263
Columbia, SC 29211

Ms. McMullan via e-mail: pmcmull@regstaff.sc.gov


176670
NOV 7 2005
OK Service
Called 11/7/05 OK Service

Only

ONY

ANN, JR.

TOGETHER

“Budget

Louisiana

1 Phone's Call Center and implemented the procedures used to allow our Customer
2 Care Representatives to handle in excess of 70,000 service and repair calls each
3 month. As Director of Regulatory and Revenue Assurance, I am responsible for
4 executing agreements between Budget Phone and the various ILECs while
5 working closely with the various state and federal regulatory agencies to ensure
6 regulatory compliance.

1 **Q: HAVE YOU PREVIOUSLY TESTIFIED BEFORE REGULATORY**
2 **BODIES?**

3 **A:** Yes, I previously testified before the Indiana Utility Regulatory Commission in
4 support of our application for designation as an Eligible Telecommunications
5 Carrier in the State of Indiana. I have also submitted testimony to the Illinois
6 Commerce Commission in support of our application for designation as an
7 Eligible Telecommunications Carrier in the State of Illinois.

8 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

9 **A:** The purpose of my testimony is to demonstrate that Budget Phone meets the state
10 and federal requirements for designation as an Eligible Telecommunications
11 Carrier ("ETC") in the State of South Carolina in the designated areas of
12 BellSouth and Verizon.

13 **Q: DOES BUDGET PHONE CURRENTLY PROVIDE**
14 **TELECOMMUNICATIONS SERVICE IN SOUTH CAROLINA?**

15 **A:** Yes. As noted in Budget Phone's Application, Budget Phone was certified by this
16 Commission to provide local exchange and interexchange telecommunications
17 service throughout the state of South Carolina in Docket No. 1999-512-C.
18 Budget Phone is also a common carrier as that term is defined in 47 U.S.C.
19 §153(10), and Budget Phone meets the requirements of 47 U.S.C. § 214(e)(1).

1
2 **Q: DOES BUDGET PHONE CURRENTLY CONTRIBUTE TO THE**
3 **FUNDING FOR UNIVERSAL SERVICE?**

4 **A:** Yes. Federal regulations require carriers such as Budget Phone to contribute a
5 portion of their revenues to the funding of federal universal service.

6 **Q: IS THE COMPANY PRESENTLY ABLE TO DRAW FROM FEDERAL**
7 **UNIVERSAL SERVICE FUNDS FOR THE PROVISION OF THE**
8 **SUPPORTED SERVICES IN SOUTH CAROLINA?**

9 **A:** No. Until it is designated as an ETC for those areas it serves in South Carolina,
10 Budget Phone is not able to receive any federal universal service funds to support
11 its provision of universal services to South Carolina consumers.

12 **Q: BY OBTAINING ETC DESIGNATION, WILL BUDGET PHONE**
13 **IMPROVE THE QUALITY OF BASIC SERVICE PROVIDED TO SOUTH**
14 **CAROLINA RESIDENTS AND INTRODUCE ADVANCED SERVICES**
15 **TO CONSUMERS SOONER?**

16 **A:** Yes. As required, if Budget Phone receives ETC designation, any universal
17 service funding it receives will be used only to support the provision, upgrading
18 and maintenance of Budget Phone's pre-paid residential network where Budget
19 Phone is designated as an ETC in South Carolina. As a result, Budget Phone will
20 be able to improve the quality of basic service by increasing the availability of
21 this unique service to customers who reside in areas of the state where the service
22 is currently unavailable and, due to credit and deposit requirements, may not be
23 able to obtain the safety and convenience of telephone service from traditional

1 providers. In addition, by using the funds to reduce the cost of unbundled
2 network elements (“UNEs”) obtained from the ILECs and used to provide service
3 to its customers, designation of Budget Phone as an ETC will speed the testing
4 and deployment of advanced services such as wireless broadband to consumers in
5 South Carolina.

6 **Q: WILL BUDGET PHONE’S CUSTOMERS EXPERIENCE OTHER**
7 **BENEFITS AS A RESULT OF BUDGET PHONE’S DESIGNATION AS**
8 **AN ETC?**

9 **A:** Yes. Budget Phone has not raised its prices to South Carolina consumers despite
10 the fact that Budget Phone’s costs to provide service have dramatically increased
11 as a result of the FCC’s decisions in the Triennial Review Order and the Triennial
12 Review Remand Order. By our estimates, if Budget Phone is designated an ETC
13 and receives the universal service support we project, Budget Phone will be able
14 to hold prices steady for customers, we will improve our network, and we will
15 move closer to the deployment of advanced services to our customers.

1
2 **Q: IS A COMPETITIVE LOCAL EXCHANGE CARRIER LIKE BUDGET**
3 **PHONE ELIGIBLE FOR FEDERAL UNIVERSAL SERVICE SUPPORT?**

4 **A:** Yes. Both the 1996 Telecommunications Act ("TA'96") and the FCC's rules
5 establish the directives for the Commission to follow in making an ETC
6 designation. Section 214(e) of TA'96 specifically provides that any common
7 carrier, including a competitive local exchange carrier such as Budget Phone,
8 may be designated as an ETC for federal universal service support purposes,
9 provided that carrier meets the specific criteria set forth in Section 214(e)(1) of
10 the Act (which Budget Phone does).

11 **Q: WHAT ARE THE REQUIREMENTS FOR OBTAINING ETC**
12 **DESIGNATION?**

13 **A:** The eligibility requirements were recently supplemented by the FCC. The initial
14 requirements established by §214(e)(1) of the Act are still in place, and state:
15 A common carrier designated as an eligible telecommunications carrier under
16 paragraph (2) or (3) shall be eligible to receive universal service support in
17 accordance with section 254 and shall, throughout the service area for which the
18 designation is received:

19
20 (A) Offer the services that are supported by Federal universal service support
21 mechanisms under Section 254(c), either using its own facilities or a combination
22 of its own facilities and resale of another carrier's services (including the services
23 offered by another eligible telecommunications carrier); and
24

1 (B) Advertise the availability of such services and the charges therefore using
2 media of general distribution.

3
4 **Q: IS BUDGET PHONE REQUESTING DESIGNATION IN THIS**
5 **PROCEEDING FOR THE STUDY AREA OF ANY RURAL LEC IN**
6 **SOUTH CAROLINA?**

7 **A:** No. Budget Phone's Petition requests designation only in the ILEC wire centers
8 of BellSouth and Verizon, both of which have been classified as non-rural.

9 **Q: DOES BUDGET PHONE CURRENTLY HAVE INTERCONNECTION**
10 **AGREEMENTS WITH BELL SOUTH AND VERIZON?**

11 **A:** Yes.

12 **Q: IS IT YOUR UNDERSTANDING THAT BUDGET PHONE IS ENTITLED**
13 **TO BE DESIGNATED AS AN ETC IF IT DEMONSTRATES THAT IT IS**
14 **CAPABLE OF MEETING ALL OF THE OBLIGATIONS IMPOSED BY**
15 **SECTION 214(e) OF TA'96 AS WELL AS THE NEW REQUIREMENTS**
16 **ESTABLISHED BY THE FCC'S MARCH, 2005 ORDER?**

17 **A:** Yes.

Q: THE FIRST CRITERION FOR ETC DESIGNATION UNDER SECTION 214(e)(1) IS COMMON CARRIER STATUS. IS BUDGET PHONE A COMMON CARRIER?

A: Yes. Budget Phone is a "common carrier" for purposes of obtaining ETC designation under 47 U.S.C. § 214(e)(1). A common carrier is generally defined in 47 U.S.C. §153(10) as "any person engaged as a common carrier for-hire" in interstate or foreign communications utilizing either wire or radio technology, except for radio broadcasters.

Q: THE SECOND REQUIREMENT IS THAT BUDGET PHONE OFFER THE "SUPPORTED SERVICES." WHAT ARE THE SUPPORTED SERVICES THAT MUST BE OFFERED?

A: The FCC has identified (at 47 C.F.R. §54.101(a)) the following services and functionalities as the core services to be offered by an ETC and supported by federal universal service support mechanisms:

1. voice-grade access to the public switched network;
2. local usage;
3. dual tone multi-frequency signaling or its functional equivalent;
4. single-party service or its functional equivalent;
5. access to emergency services;
6. access to operator services;
7. access to interexchange services;
8. access to directory assistance;

1 9. toll limitation for qualifying low-income consumers

2 **Q: CAN BUDGET PHONE CURRENTLY PROVIDE THE SUPPORTED**
3 **SERVICES SET FORTH ABOVE USING ITS NETWORK THAT IS IN**
4 **PLACE TODAY?**

5 **A:** Yes. Budget Phone's present network can provide all of the supported services to
6 consumers in South Carolina. Budget Phone recognizes its obligation to offer
7 these services including the "toll limitation for qualifying low-income
8 consumers" service that is linked to the federal "Lifeline" program and targeted at
9 meeting the needs of low-income consumers. Budget Phone, however, cannot
10 participate in the federal Lifeline program until it receives its ETC designation.
11 Once Budget Phone receives ETC designation it will provide toll limitation as
12 required by the FCC's rules.

13 **Q: COULD YOU EXPLAIN EACH OF THE SUPPORTED SERVICES AND**
14 **HOW BUDGET PHONE PROVIDES, OR WILL PROVIDE THESE**
15 **SERVICES?**

16 **A:** Yes. Budget Phone presently provides or plans to provide each of the supported
17 services identified by the FCC in 47 C.F.R. § 54.101(a) as follows:

18 a. *Voice-grade access to the public switched telephone network.* The FCC
19 has concluded that voice grade service means the ability to make and receive
20 phone calls, within a specified bandwidth and frequency range. Budget Phone
21 meets this requirement by providing voice-grade access to the public switched
22 telephone network. Through its interconnection arrangements with BellSouth
23 and Verizon and other local exchange carriers ("LECs"), all customers of Budget

1 Phone are able to make and receive calls on the public switched telephone
2 network within the specified bandwidth.

3 b. *Local usage.* ETCs must include local usage beyond providing simple
4 access to the public switched network as part of a universal service offering.
5 Budget Phone includes specified quantities of usage in each of its rate plans, at
6 the option of the customer, and thereby complies with the requirement that all
7 ETCs offer local usage. There is no specific rule requiring that ETCs include any
8 particular amount of local usage, nor are ETCs required to offer unlimited local
9 usage.

10 c. *Dual-tone, multi-frequency ("DTMF") signaling, or its functional*
11 *equivalent.* DTMF is a method of signaling that facilitates the transportation of
12 call set-up and call detail information. Budget Phone provides signaling that is
13 functionally equivalent to DTMF, such as out-of-band digital signaling which
14 satisfies this requirement.

15 d. *Single-party service or its functional equivalent.* Budget Phone meets the
16 requirement of single-party service by providing a dedicated message path for the
17 length of all customer calls.

1
2 e. *Access to emergency services.* The ability to reach a public emergency
3 service provider by dialing 911 is a required service in any universal service
4 offering. Budget Phone currently provides its subscribers access to 911
5 emergency service in accord with this requirement, and consistent with FCC
6 regulations throughout the service area for which designation is sought. Budget
7 Phone also provides Enhanced 911 services including Phase I and Phase II E911
8 services where requested by local public safety authorities ready to receive the
9 information and where such services are supported by the local exchange carrier.

10 f. *Access to operator services.* Access to operator services is defined as any
11 automatic or live assistance provided to a consumer to arrange for the billing or
12 completion, or both, of a telephone call. As a prepaid provider, Budget Phone
13 will allow customers access to this service on a prepaid subscription basis.
14 Customers will access the operator services platform by dialing a toll free
15 number. After an automated verification process takes place, the customers
16 account balance is decremented for the service and the call is delivered to an
17 operator who will assist the customer.

1 g. *Access to directory assistance.* Much like the operator services offering,
2 Budget Phone will allow customers access to this directory assistance on a
3 prepaid subscription basis. Customers will access the directory assistance
4 platform by dialing a toll free number. After an automated verification process
5 takes place, the customers account balance is decremented for the service and the
6 call is delivered to an automated or live operator who will assist the customer.

1 h. *Access to interexchange service.* Budget Phone meets the requirement of
2 access to interexchange service by providing all of its customers with the ability
3 to make and receive interexchange calls. Additionally, customers are able to
4 reach their IXC of choice by dialing the appropriate access code.

5 i. *Toll limitation for qualifying low-income consumers.* As mentioned
6 above, toll limitation for qualifying low-income consumers is linked to
7 participation in the federal Lifeline program, which Budget Phone will offer
8 when it obtains ETC designation from this Commission. Budget Phone routinely
9 deploys a toll limitation feature where one-plus calls are blocked, but the
10 customer retains the ability to make long distance calls through the use of certain
11 dial-around techniques. Budget Phone will utilize the appropriate toll limitation
12 technology to provide this required service at no additional charge to those
13 Lifeline customers who choose to utilize the service.

1

2 **Q: DOES BUDGET PHONE OFFER THE ABOVE-REFERENCED**
3 **SUPPORTED SERVICES VIA ITS OWN FACILITIES OR A**
4 **COMBINATION OF ITS OWN FACILITIES AND RESALE OF**
5 **ANOTHER CARRIER’S SERVICES?**

6 **A:** Depending on the type of service the customer requests and the precise location
7 of the customer, Budget Phone offers the supported services either through the
8 purchase of switched port/loop combinations (UNEs) or through resale. These
9 facilities are physical components of the telecommunications network that are
10 used in the transmission or routing of the services for which support is requested.
11 Because these facilities include unbundled network elements, the method by
12 which Budget Phone provisions the supported services is consistent with the
13 FCC’s rules found at 47 CFR § 54.201(d)(1) through (i).

**Q: WILL BUDGET PHONE PROVIDE SUPPORTED UNIVERSAL
SERVICES ONCE DESIGNATED AS AN ETC?**

A: Yes. Budget Phone will provide all supported universal services once designated as an ETC.

**Q: WILL BUDGET PHONE PARTICIPATE IN THE LIFELINE AND LINK-
UP PROGRAMS IF IT IS DESIGNATED AS AN ETC?**

A: Yes, as we stated in our Petition, upon designation as an ETC, Budget Phone will participate in, and offer, LifeLine and Link-Up programs to qualifying low-income consumers and publicize the availability of Lifeline and Link-Up services in a manner reasonably designed to reach those likely to qualify for those services, as required by 47 C.F.R. §§ 54.401-54.417; 54.405(b)& 54.411(d).

**Q: A THIRD REQUIREMENT FOR DESIGNATION AS AN ETC IS TO
ADVERTISE THE AVAILABILITY OF THE SUPPORTED SERVICES.
HOW DOES BUDGET PHONE INTEND TO ADVERTISE THE
AVAILABILITY OF THE SUPPORTED SERVICES?**

A: Budget Phone advertises the availability of the supported services and the corresponding charges in a manner that informs the general public within the designated service area of both the services available and the corresponding charges. Budget Phone advertises its services through several different media of general distribution including (but not limited to) marketing at targeted retail locations, including rent-to-own centers, as well as advertisements via magazines and newspapers throughout the service areas for which designation is requested.

1
2 **Q: IS BUDGET PHONE ABLE TO SATISFY EACH OF THE ADDITIONAL**
3 **REQUIREMENTS ESTABLISHED IN THE FCC'S MARCH 17, 2005**
4 **ORDER?**

5 **A:** Yes.

6 a. Budget Phone will commit to provide service throughout its proposed
7 designated service area to all customers making a reasonable request for service.
8 Budget Phone certifies that it will (a) provide service on a timely basis to
9 requesting customers within the applicant's service area where the applicant's
10 network already passes the potential customer's premises; and (b) provide service
11 within a reasonable period of time, if the potential customer is within Budget
12 Phone's licensed service area but outside its existing network coverage, if service
13 can be provided at reasonable cost by reselling services from another carrier's
14 facilities to provide service.

15 b. Attached hereto as Exhibit A, is Budget Phone's five-year plan, which
16 describes with specificity proposed improvements or upgrades to the network on
17 a wire center-by-wire center basis throughout Budget Phone's designated service
18 area.

1
2 c. Providing service to its customers through the use of switched port/loop
3 combination UNEs, leased from the ILECs, allows Budget Phone to provide to its
4 customers the same ability to remain functional in emergency situations as
5 currently provided by the ILECs to their own customers (including access to a
6 reasonable amount of back-up power to ensure functionality without an external
7 power source, rerouting of traffic around damaged facilities, and the capability of
8 managing traffic spikes resulting from emergency situations). Further, by nature
9 of the fact that these services are implicitly included in the UNE rates that Budget
10 Phone pays to the ILECs, these capabilities are also available to Budget Phone's
11 customers.

12 d. Budget Phone will satisfy applicable consumer protection and service
13 quality standards.

14 e. Budget Phone's service consists only of a pre-paid offering, which neither
15 BellSouth nor Verizon currently offer to their South Carolina customers. Due to
16 the nature of Budget Phone's service, there is no true comparison between our
17 service and that of the ILECs. Nevertheless, Budget Phone's offering includes a
18 local usage component with unlimited local calling similar to the ILECs' basic
19 local service offerings.

1
2 f. Budget Phone acknowledges that the FCC may require it to provide equal
3 access to long-distance carriers in the event that no other eligible
4 telecommunications carrier is providing equal access within the service area.

5 g. As relevant to the Commission's public interest inquiry, Budget Phone's
6 presence will undeniably include a benefit of increased customer choice, as
7 Budget Phone's pre-paid service offering is unique, and serves a specific sector
8 of the public who might well not otherwise have wire line telephone service.

9 h. Budget Phone does not seek designation below the study area level of a
10 rural telephone company, and therefore, no "cream skimming" analysis is
11 required. Likewise, Budget Phone does not seek designation as an ETC for any
12 part of tribal lands. Therefore, the public notice requirements established by the
13 FCC for tribal lands do not apply.

14 i. Budget Phone commits to providing the annual reports required for
15 designated ETCs as required by the FCC, including a progress report on its five-
16 year service quality improvement plan, which will include maps detailing Budget
17 Phone's progress toward meeting its plan targets, an explanation of how much
18 universal service support was received and how it was used to improve quality,
19 coverage, or capacity, and an explanation regarding any network improvement
20 targets that have not been fulfilled. Budget Phone will also include detailed
21 information on any outage, as defined by 47 C.F.R. § 4.5, of at least 30 minutes
22 in duration for each service area in which Budget Phone is designated for any
23 facilities that it owns, operates, leases, or otherwise utilizes that potentially

1 affects at least ten percent (10%) of the end users served in a designated service
2 area or a 911 special facility, as defined in 47 C.F.R § 4.5(e).

3 j. Budget Phone's annual report will include information detailing (a) the
4 date and time of onset of the outage; (b) a brief description of the outage and its
5 resolution; (c) the particular services affected; (d) the geographic areas affected
6 by the outage; (e) steps taken to prevent a similar situation in the future; and (f)
7 the number of customers affected. Budget Phone will also include the number of
8 requests for service from potential customers within the service areas that were
9 unfulfilled during the past year; the number of complaints per 1,000 lines;
10 certification that it is complying with applicable service quality standards and
11 consumer protection rules; certification that Budget Phone is able to function in
12 emergency situations as set forth in § 54.201(a)(2); certification that Budget
13 Phone is offering a local usage plan comparable to that offered by the incumbent
14 LEC in the relevant service areas; and certification that Budget Phone
15 acknowledges that the Commission may require it to provide equal access to
16 long-distance carriers in the event that no other ETC is providing equal access
17 within the service area.

18 **Q: IN WHAT SERVICE AREAS IS BUDGET PHONE SEEKING**
19 **DESIGNATION AS AN ETC?**

20 **A:** Pursuant to Section 54.207 of the FCC's rules, a "service area" is a "geographic
21 area established by a state commission for the purpose of determining universal
22 service obligations and support mechanisms." 47 C.F.R. § 54.207(a). For service
23 areas served by non-rural ILECs such as BellSouth and Verizon, there are no

1 restrictions on how a Commission defines the "service area" for purposes of
2 designating a competitive ETC. Budget Phone proposes a service area consisting
3 of each of the BellSouth and Verizon wire centers in South Carolina designated
4 in Budget Phone's Petition. To the extent Budget Phone serves only a portion of
5 the wire center, Budget Phone requests ETC designation only in that portion of
6 the wire center where it provides service. Therefore, the Commission may
7 designate Budget Phone as an ETC for a service area consisting of the Bellsouth
8 and Verizon wire centers set forth in the Application.

1
2 **Q: DOES BUDGET PHONE PROVIDE TELECOMMUNICATIONS**
3 **SERVICE THROUGHOUT THE NON-RURAL ILEC SERVICE AREAS**
4 **FOR WHICH IT SEEKS ETC DESIGNATION?**

5 **A:** Yes.

6 **Q: BEFORE DESIGNATING BUDGET PHONE AS AN ETC, IS THE**
7 **COMMISSION REQUIRED TO FIND THAT THE DESIGNATION IS IN**
8 **THE PUBLIC INTEREST?**

9 **A:** Yes.

10 **Q: HOW, AND IN WHAT TERMS, WILL BUDGET PHONE'S PRESENCE**
11 **AS AN ETC IN SOUTH CAROLINA AFFECT THE MARKET AS A**
12 **WHOLE AND THE PUBLIC INTEREST GENERALLY?**

13 **A:** A grant of Budget Phone's application will serve the public interest and the
14 market as a whole by promoting additional deployment of Budget Phone's unique
15 pre-paid local service offering to the high cost areas served by BellSouth and
16 Verizon in South Carolina. It is important to note that most of Budget Phone's
17 customers do not meet the traditional "creditworthiness" test of ILECs and
18 CLECs, and therefore, many are unable to obtain wire line local exchange
19 service. Budget Phone's designation as an ETC will bring consumers in rural and
20 insular areas the benefits of its unique service to a specific segment of the market.
21

1
2 **Q: DOES BUDGET PHONE'S SOUTH CAROLINA NETWORK**
3 **PRESENTLY HAVE ANY INFIRMITIES THAT NEED TO BE**
4 **REMEDIED PRIOR TO BUDGET PHONE'S DESIGNATION AS AN**
5 **ETC?**

6 **A:** No.

7 **Q: WHAT AMOUNT OF ANNUAL FEDERAL UNIVERSAL SERVICE FUND**
8 **SUPPORT DOES BUDGET PHONE EXPECT TO RECEIVE IF THIS**
9 **PETITION IS GRANTED?**

10 **A:** Budget Phone estimates it will receive approximately \$5,136 in annual USF
11 support.

12 **Q: HOW DID YOU ARRIVE AT THIS ESTIMATE?**

13 **A:** Budget Phone expects to receive approximately \$5,136 from the Interstate Access
14 Support fund. The amount was calculated by first determining the number of
15 subscribers Budget Phone has in each study area and zone within its requested
16 ETC designated area. Next Budget Phone determined the rate of support per
17 subscriber for each of the study areas and zones, using USAC filings. By
18 multiplying the number of subscribers in each study area/zone with the rate of
19 support, Budget Phone determined that it should receive approximately \$428
20 monthly in support, or approximately \$5,136 annually.

1
2 **Q: PLEASE DESCRIBE HOW BUDGET PHONE WILL ACCOUNT FOR ITS**
3 **UNIVERSAL SERVICE FUND EXPENDITURES; INCLUDING THE**
4 **ACCOUNTING PROTOCOLS BUDGET PHONE INTENDS TO USE TO**
5 **TRACK ITS EXPENDITURES.**

6 **A:** Budget Phone will establish necessary protocols to separately track the receipt
7 and use of universal service funds received from USAC for its South Carolina
8 ETC service areas. Budget Phone is familiar with the USF tracking requirements
9 that are designed to ensure that funds received from USAC for South Carolina are
10 devoted to furthering universal service goals within Budget Phone's South
11 Carolina ETC service territory, and we agree to comply with those requirements.
12

13 **Q: HOW WILL BUDGET PHONE USE THE UNIVERSAL SERVICE**
14 **FUNDING IT RECEIVES IF THIS PETITION IS GRANTED?**

15 **A:** Budget Phone will use the universal service funding in a manner that is consistent
16 with the requirement that the funding be used only to support the provision,
17 upgrading, and maintenance of Budget Phone's network in South Carolina. Also,
18 Budget Phone plans to offer a reduced rate universal service package to
19 subscribers who are eligible for Lifeline support, in accordance with 47 CFR §
20 54.405.

1

2 **Q: IF BUDGET PHONE’S PETITION IS GRANTED, WILL THERE BE ANY**
3 **FINANCIAL IMPACT ON THE UNIVERSAL SERVICE FUND OR THE**
4 **FEDERAL UNIVERSAL SERVICE FUND SURCHARGE THAT SOUTH**
5 **CAROLINA END USERS PAY?**

6 **A:** No.

7 **Q: HAS BUDGET PHONE BEEN GRANTED ETC STATUS BY ANY STATE**
8 **COMMISSIONS?**

9 **A:** Yes, Budget Phone has been granted ETC status by the Alabama Public
10 Service Commission, the Maryland Public Service Commission and the Iowa
11 Utilities Board.

12 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

13 **A:** Yes.

1

EXHIBIT A

2

5-YEAR PLAN

3

Attachment 1
Exhibit RM1

Verizon South Inc - SC

ILSC	DENSITY ZONE	RC ABBREV:	LOC NAME:	LOC STATE:	Estimated Rate Center Population (2000 Census)	Current UNE Subscribers	Estimated Post Build Out Subscriber Base	Implementation Schedule	Approximate Investment/Cost
Verizon South Inc-SC	1	ABBEVILLE	ABBEVILLE	SC	5840		29	2006-2007	\$ 1,272.54
Verizon South Inc-SC	1	ANDREWS	ANDREWS	SC	3068		15	2006-2007	\$ 668.52
Verizon South Inc-SC	1	BISHOPVL	BISHOPVL	SC	3670		18	2006-2007	\$ 799.69
Verizon South Inc-SC	1	CALHOUNFLS	CALHOUNFLS	SC	2303		12	2006-2007	\$ 501.82
Verizon South Inc-SC	1	CONWAY	CONWAY	SC	11788		59	2006-2007	\$ 2,568.61
Verizon South Inc-SC	1	EHRHARDT	EHRHARDT	SC	614		3	2006-2007	\$ 133.79
Verizon South Inc-SC	1	FAIRFAX	FAIRFAX	SC	3206		16	2006-2007	\$ 698.59
Verizon South Inc-SC	1	GEORGETOWN	GEORGETOWN	SC	8950	1	45	2006-2007	\$ 1,950.21
Verizon South Inc-SC	1	HEMINGWAY	HEMINGWAY	SC	573	32	3	2006-2007	\$ 124.86
Verizon South Inc-SC	1	HOLLYWOOD	HOLLYWOOD	SC	3946	1	20	2006-2007	\$ 859.83
Verizon South Inc-SC	1	JOHNSONVL	JOHNSONVL	SC	1418	6	7	2006-2007	\$ 308.98
Verizon South Inc-SC	1	KINGSTREE	KINGSTREE	SC	3496		17	2006-2007	\$ 761.78
Verizon South Inc-SC	1	LAKE CITY	LAKE CITY	SC	6478		32	2006-2007	\$ 1,411.56
Verizon South Inc-SC	1	LAMAR	LAMAR	SC	1015	1	5	2006-2007	\$ 221.17
Verizon South Inc-SC	1	LAURENS	LAURENS	SC	9916		50	2006-2007	\$ 2,160.70
Verizon South Inc-SC	1	MANNING	MANNING	SC	4025		20	2006-2007	\$ 877.05
Verizon South Inc-SC	1	MCCORMICK	MCCORMICK	SC	1489		7	2006-2007	\$ 324.45
Verizon South Inc-SC	1	MYRTLE BCH	MYRTLE BCH	SC	22759		114	2006-2007	\$ 4,959.19
Verizon South Inc-SC	1	NMYRTLEBCH	LITTLE RIV	SC	7027		35	2006-2007	\$ 1,531.18
Verizon South Inc-SC	1	OLANTA	OLANTA	SC	613		3	2006-2007	\$ 133.57
Verizon South Inc-SC	1	OLAR	OLAR	SC	237		1	2006-2007	\$ 51.64
Verizon South Inc-SC	1	PAMPLICO	PAMPLICO	SC	1139	1	6	2006-2007	\$ 248.19
Verizon South Inc-SC	1	PAWLEYS IS	PAWLEYS IS	SC	138		1	2006-2007	\$ 30.07
Verizon South Inc-SC	1	SHAWAFBHTS	SHAWAFBHTS	SC	-		0	2006-2007	\$ -
Verizon South Inc-SC	1	SUMMERTON	SUMMERTON	SC	1061		5	2006-2007	\$ 231.19
Verizon South Inc-SC	1	SUMTER	SUMTER	SC	39643		198	2006-2007	\$ 8,638.21
Verizon South Inc-SC	1	WALTERBORO	WALTERBORO	SC	5153		26	2006-2007	\$ 1,122.84
Verizon South Inc-SC	1	WINNSBORO	WINNSBORO	SC	3599	17	18	2006-2007	\$ 784.22
Verizon South Inc-SC	1	WOODRUFF	WOODRUFF	SC	4229		21	2006-2007	\$ 921.50
Verizon South Inc-SC	1	YEMASSEE	YEMASSEE	SC	807		4	2006-2007	\$ 175.85
					158200	59	791		\$ 34,471.78

Attachment 1

Exhibit RM1

Verizon South Inc - SC (Contel)

ILEC	DENSITY ZONE	RC ABBREV:	LOC NAME:	LOC STATE:	Estimated Rate Center Population (2000 Census)	Current UNE Subscribers	Estimated Post Build Out Subscriber Base	Implementation Schedule	Approximate Investment/cost
Verizon South Inc-SC (Contel)	1	BOWMAN	BOWMAN	SC	1198	0	6	1st & 2nd Qtr '08	\$ 261.04
Verizon South Inc-SC (Contel)	1	ELLOREE	ELLOREE	SC	742	0	4	1st & 2nd Qtr '08	\$ 161.68
Verizon South Inc-SC (Contel)	1	JACKSON	JACKSON	SC	1625	0	8	1st & 2nd Qtr '08	\$ 354.09
Verizon South Inc-SC (Contel)	1	SANTEE	SANTEE	SC	740	0	4	1st & 2nd Qtr '08	\$ 161.25
Verizon South Inc-SC (Contel)	1	SIMPSONVL	SIMPSONVL	SC	14352	0	72	1st & 2nd Qtr '08	\$ 3,127.30
					18657	0	93		\$ 4,085.36

Attachment 1
Exhibit RM1

BellSouth South Carolina

ILEC	DENSITY ZONE	RC ABBREV:	LOC NAME:	LOC STATE:	Estimated Rate Center Population (2000 Census)	Current UNE Subscribers	Estimated Post Build Out Subscriber Base	Implementation Schedule	Approximate Investment/cost
BellSouth	1	ANDERSON	ANDERSON	SC	25514	153	128	3rd Qtr '08 thru 2nd Qtr '09	\$ 2,835.88
BellSouth	1	BATH	BATH	SC	-	8	-	3rd Qtr '08 thru 2nd Qtr '09	\$ -
BellSouth	1	BEECH IS	BEECH IS	SC	-	3	-	3rd Qtr '08 thru 2nd Qtr '09	\$ -
BellSouth	1	BEECH IS	BEECH IS	SC	-	-	-	3rd Qtr '08 thru 2nd Qtr '09	\$ -
BellSouth	1	BLUE RIDGE	BLUE RIDGE	SC	-	20	-	3rd Qtr '08 thru 2nd Qtr '09	\$ -
BellSouth	1	CHARLESTON	CHARLESTON	SC	96650	238	483	3rd Qtr '08 thru 2nd Qtr '09	\$ 10,742.65
BellSouth	1	CHPNTLMTN	CHPNTLMTN	SC	-	7	-	3rd Qtr '08 thru 2nd Qtr '09	\$ -
BellSouth	1	COLUMBIA	COLUMBIA	SC	116278	274	581	3rd Qtr '08 thru 2nd Qtr '09	\$ 12,944.30
BellSouth	1	COLUMBIA	COLUMBIA	SC	13064	65	65	3rd Qtr '08 thru 2nd Qtr '09	\$ 1,452.06
BellSouth	1	COMPENS	COMPENS	SC	2279	16	11	3rd Qtr '08 thru 2nd Qtr '09	\$ 253.31
BellSouth	1	DARLINGTON	DARLINGTON	SC	6720	102	34	3rd Qtr '08 thru 2nd Qtr '09	\$ 746.93
BellSouth	1	EASLEY	EASLEY	SC	17754	88	89	3rd Qtr '08 thru 2nd Qtr '09	\$ 1,973.36
BellSouth	1	EASTOVER	EASTOVER	SC	830	10	4	3rd Qtr '08 thru 2nd Qtr '09	\$ 92.25
BellSouth	1	FLORENCE	FLORENCE	SC	30248	263	151	3rd Qtr '08 thru 2nd Qtr '09	\$ 3,362.07
BellSouth	1	FOLLYBEACH	FOLLYBEACH	SC	2116	11	11	3rd Qtr '08 thru 2nd Qtr '09	\$ 235.19
BellSouth	1	FOUNTAINN	FOUNTAINN	SC	6017	25	30	3rd Qtr '08 thru 2nd Qtr '09	\$ 668.79
BellSouth	1	GREENVILLE	GREENVILLE	SC	56002	430	280	3rd Qtr '08 thru 2nd Qtr '09	\$ 6,224.62
BellSouth	1	GREER	GREER	SC	16843	77	84	3rd Qtr '08 thru 2nd Qtr '09	\$ 1,872.10
BellSouth	1	HARTSVILLE	HARTSVILLE	SC	7556	130	38	3rd Qtr '08 thru 2nd Qtr '09	\$ 839.85
BellSouth	1	ISLE PALMS	ISLE PALMS	SC	4583	23	23	3rd Qtr '08 thru 2nd Qtr '09	\$ 509.40
BellSouth	1	LYMAN	LYMAN	SC	2659	110	13	3rd Qtr '08 thru 2nd Qtr '09	\$ 295.55
BellSouth	1	MTPLEASANT	MTPLEASANT	SC	47609	6	238	3rd Qtr '08 thru 2nd Qtr '09	\$ 5,291.74
BellSouth	1	PACOLET	PACOLET	SC	2690	20	13	3rd Qtr '08 thru 2nd Qtr '09	\$ 298.99
BellSouth	1	PIEDMONT	PIEDMONT	SC	4684	17	23	3rd Qtr '08 thru 2nd Qtr '09	\$ 520.63
BellSouth	1	SPARTANBG	SPARTANBG	SC	39673	358	198	3rd Qtr '08 thru 2nd Qtr '09	\$ 4,409.65
BellSouth	1	SUMMERVL	SUMMERVL	SC	27752	88	139	3rd Qtr '08 thru 2nd Qtr '09	\$ 3,084.63
BellSouth	1	TIMMONSVL	TIMMONSVL	SC	2315	66	12	3rd Qtr '08 thru 2nd Qtr '09	\$ 257.31
BellSouth	1	TRAVESREST	TRAVESREST	SC	4099	25	20	3rd Qtr '08 thru 2nd Qtr '09	\$ 455.60
BellSouth	1				533935	2534	2670	3rd Qtr '08 thru 2nd Qtr '09	\$ 59,346.88
BellSouth	2	AIKEN	AIKEN	SC	25337	18	127	3rd & 4th Qtr '09	\$ 2,816.21
BellSouth	2	BAMBERG	BAMBERG	SC	3733	22	19	3rd & 4th Qtr '09	\$ 414.92
BellSouth	2	BELTON	BELTON	SC	4461	4	22	3rd & 4th Qtr '09	\$ 495.84
BellSouth	2	CENTRAL	CENTRAL	SC	3522	9	18	3rd & 4th Qtr '09	\$ 391.47
BellSouth	2	CLEMSON	CLEMSON	SC	11939	11	60	3rd & 4th Qtr '09	\$ 1,327.02
BellSouth	2	CLOVER	CLOVER	SC	4014	5	20	3rd & 4th Qtr '09	\$ 446.16
BellSouth	2	GRANITEVL	GRANITEVL	SC	-	6	-	3rd & 4th Qtr '09	\$ -
BellSouth	2	HONEA PATH	HONEA PATH	SC	3504	1	18	3rd & 4th Qtr '09	\$ 389.47

Attachment 1
Exhibit RM1
BellSouth South Carolina

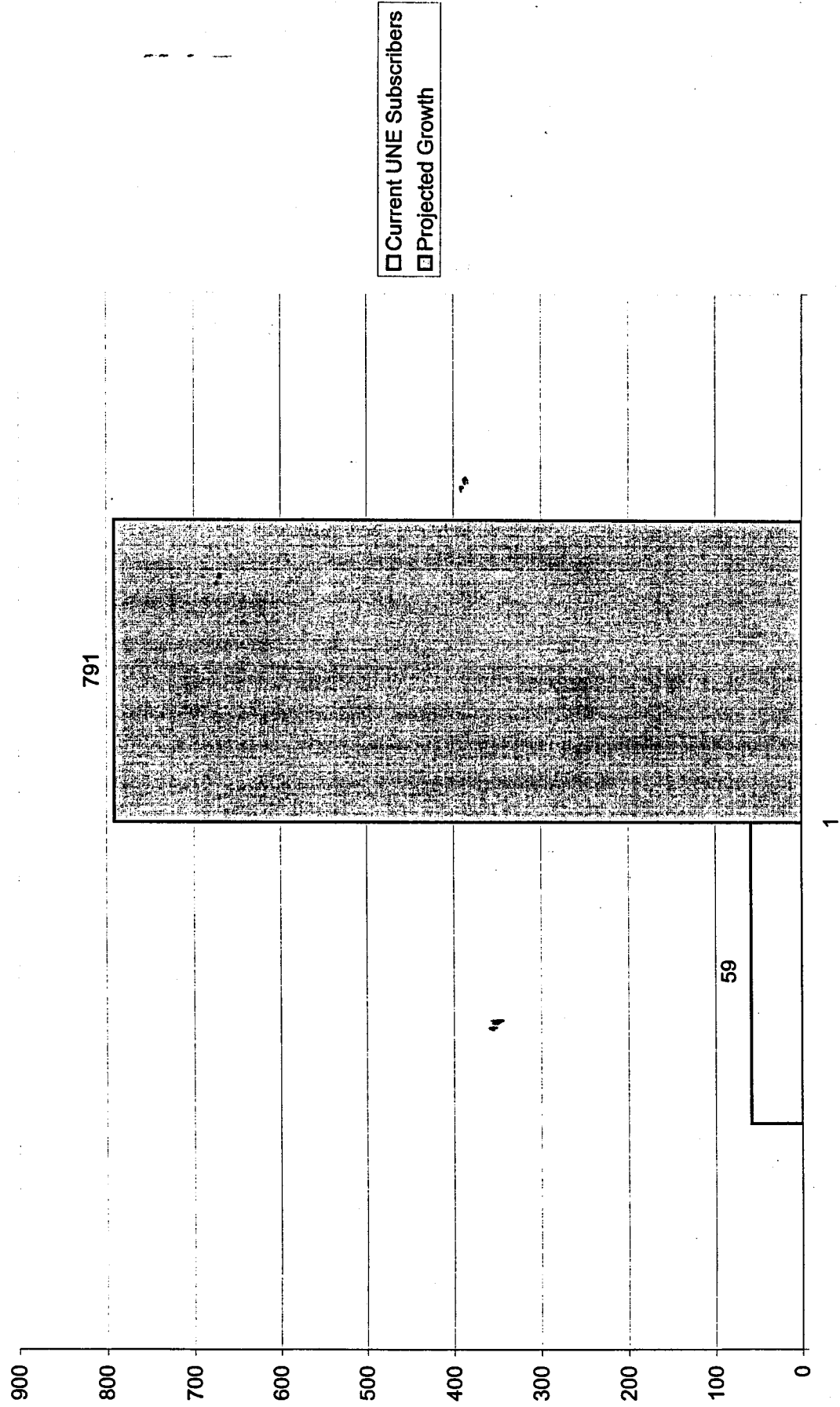
BellSouth	2	LAKE WYLIE	LAKE WYLIE	SC	3061	15	3rd & 4th Qtr '09	\$	340.23
BellSouth	2	LIBERTY	LIBERTY	SC	3009	2	3rd & 4th Qtr '09	\$	334.45
BellSouth	2	MARION	MARION	SC	7042	74	3rd & 4th Qtr '09	\$	782.72
BellSouth	2	MULLINS	MULLINS	SC	5029	26	3rd & 4th Qtr '09	\$	558.97
BellSouth	2	NEWELLENTN	NEWELLENTN	SC	2250	15	3rd & 4th Qtr '09	\$	250.09
BellSouth	2	ORANGEBURG	ORANGEBURG	SC	12765	9	3rd & 4th Qtr '09	\$	1,418.83
BellSouth	2	PELZER	PELZER	SC	97	21	3rd & 4th Qtr '09	\$	10.78
BellSouth	2	PENDLETON	PENDLETON	SC	2966	4	3rd & 4th Qtr '09	\$	329.67
BellSouth	2	PICKENS	PICKENS	SC	3012	3	3rd & 4th Qtr '09	\$	334.78
BellSouth	2	SALEM	SALEM	SC	126	1	3rd & 4th Qtr '09	\$	14.00
BellSouth	2	SENECA	SENECA	SC	7652	13	3rd & 4th Qtr '09	\$	850.52
BellSouth	2	SIX MILE	SIX MILE	SC	553	1	3rd & 4th Qtr '09	\$	61.47
BellSouth	2	SOCIETY HL	SOCIETY HL	SC	700	1	3rd & 4th Qtr '09	\$	77.81
BellSouth	2	WALHALLA	WALHALLA	SC	3801	3	3rd & 4th Qtr '09	\$	422.48
BellSouth	2	WESTMINSTR	WESTMINSTR	SC	2743	4	3rd & 4th Qtr '09	\$	304.88
BellSouth	2	YORK	YORK	SC	6985	35	3rd & 4th Qtr '09	\$	776.38
					118301	253	3rd & 4th Qtr '09	\$	13,149
BellSouth	3	ALLENDAL	ALLENDAL	SC	4052	20	1st - 4th Qtr '10	\$	450.38
BellSouth	3	BARNWELL	BARNWELL	SC	5035	25	1st - 4th Qtr '10	\$	559.64
BellSouth	3	BATESBURG	BATESBURG	SC	5517	28	1st - 4th Qtr '10	\$	613.21
BellSouth	3	BENNETTSVL	BENNETTSVL	SC	9425	47	1st - 4th Qtr '10	\$	1,047.59
BellSouth	3	BLACKSBURG	BLACKSBURG	SC	1880	9	1st - 4th Qtr '10	\$	208.96
BellSouth	3	BLACKVILLE	BLACKVILLE	SC	2973	15	1st - 4th Qtr '10	\$	330.45
BellSouth	3	BLNHEIM	BLNHEIM	SC	137	1	1st - 4th Qtr '10	\$	15.23
BellSouth	3	CAMDEN	CAMDEN	SC	6682	33	1st - 4th Qtr '10	\$	742.70
BellSouth	3	CHERAW	CHERAW	SC	5524	28	1st - 4th Qtr '10	\$	613.99
BellSouth	3	CLINTON	CLINTON	SC	8091	40	1st - 4th Qtr '10	\$	899.31
BellSouth	3	CLIO	CLIO	SC	774	4	1st - 4th Qtr '10	\$	86.03
BellSouth	3	DENMARK	DENMARK	SC	3328	17	1st - 4th Qtr '10	\$	369.91
BellSouth	3	DILLON	DILLON	SC	6316	32	1st - 4th Qtr '10	\$	702.02
BellSouth	3	EDGEFIELD	EDGEFIELD	SC	4449	22	1st - 4th Qtr '10	\$	494.51
BellSouth	3	EDISTO IS	EDISTO IS	SC	-	-	1st - 4th Qtr '10	\$	-
BellSouth	3	GAFFNEY	GAFFNEY	SC	12968	65	1st - 4th Qtr '10	\$	1,441.39
BellSouth	3	HICKORYGRV	HICKORYGRV	SC	337	2	1st - 4th Qtr '10	\$	37.46
BellSouth	3	JOANNA	JOANNA	SC	1609	8	1st - 4th Qtr '10	\$	178.84
BellSouth	3	JOHNSTON	JOHNSTON	SC	2336	12	1st - 4th Qtr '10	\$	259.65
BellSouth	3	JONESVILLE	JONESVILLE	SC	982	5	1st - 4th Qtr '10	\$	109.15
BellSouth	3	LAKE VIEW	LAKE VIEW	SC	789	4	1st - 4th Qtr '10	\$	87.70
BellSouth	3	LATTA	LATTA	SC	1410	7	1st - 4th Qtr '10	\$	156.72
BellSouth	3	MCCOLL	MCCOLL	SC	2498	12	1st - 4th Qtr '10	\$	277.65
BellSouth	3	NEWBERRY	NEWBERRY	SC	10580	53	1st - 4th Qtr '10	\$	1,175.97

Attachment 1
Exhibit RM1
BellSouth South Carolina

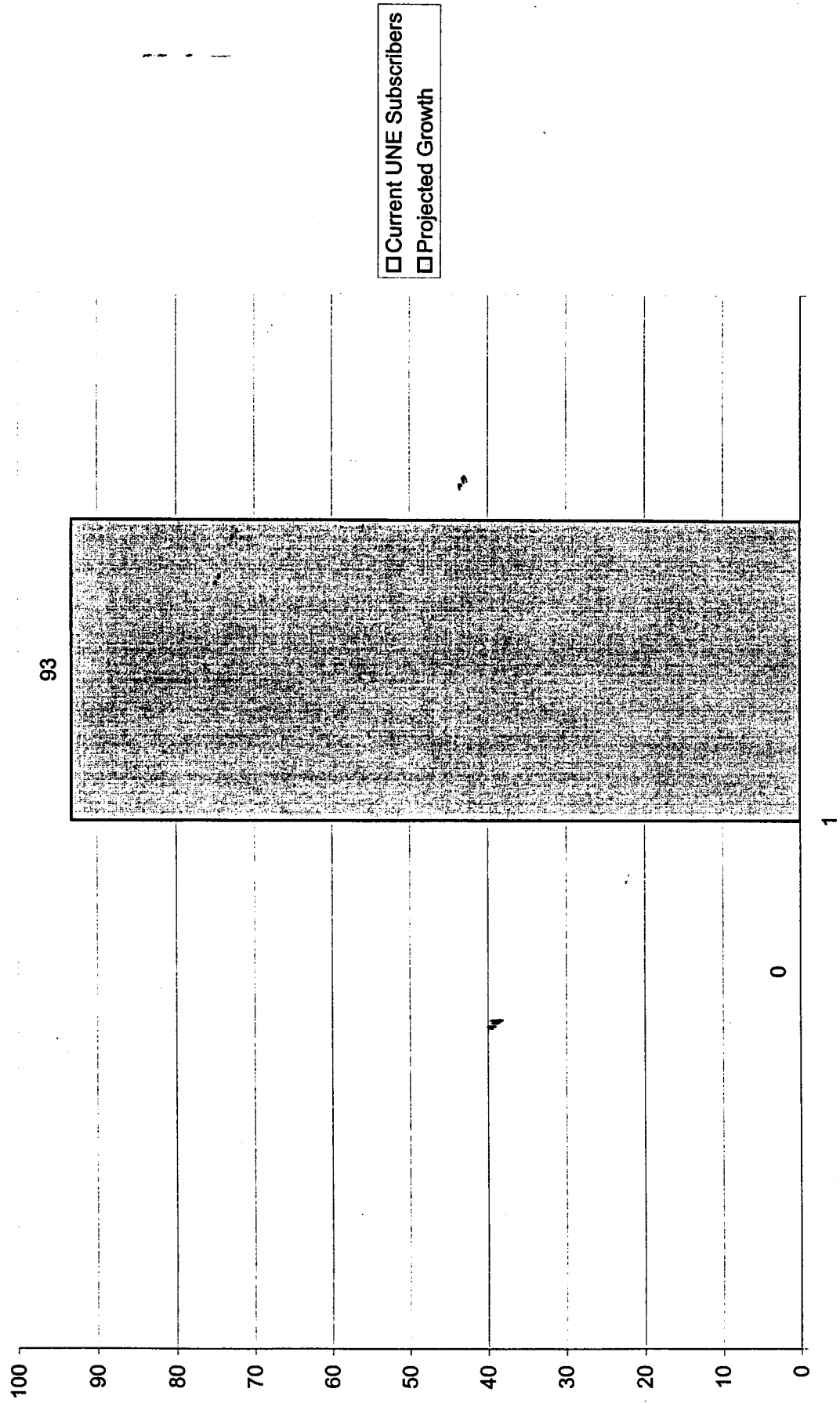
BellSouth	3	PROSPERITY	PROSPERITY	SC	1047	5	1st - 4th Qtr '10	\$	116.37
BellSouth	3	SHARON	SHARON	SC	421	2	1st - 4th Qtr '10	\$	46.79
BellSouth	3	SRNGFLSLY	SRNGFLSLY	SC	-	-	1st - 4th Qtr '10	\$	-
BellSouth	3	ST GEORGE	ST GEORGE	SC	2092	10	1st - 4th Qtr '10	\$	232.53
BellSouth	3	UNION	UNION	SC	8793	44	1st - 4th Qtr '10	\$	977.34
BellSouth	3	WHITMIRE	WHITMIRE	SC	1512	8	1st - 4th Qtr '10	\$	168.06
BellSouth	3	ANTIOCH	ANTIOCH	SC	-	-	1st - 4th Qtr '10	\$	-
BellSouth	3	MILL CREEK	MILL CREEK	SC	-	-	1st - 4th Qtr '10	\$	-
BellSouth	3	NEWTONVL	NEWTONVL	SC	-	-	1st - 4th Qtr '10	\$	-
BellSouth	3	ROWLAND	ROWLAND	SC	-	-	1st - 4th Qtr '10	\$	-
						0	558	\$	12,400
						111557			

ILEC	Zone	Estimated Rate Center Population (2000 Census)	Current UNE Subscribers	Current Penetration %	Projected Growth	Projected Penetration %	% Increase
Verizon South Inc-SC	1	158200	59		791		
Verizon South Inc-SC (Contel)	1	18657	0		93		
BellSouth	1	533935	2534		2670		
BellSouth	2	118301	253		592		
BellSouth	3	111557	0		558		
		940650	2846	0.30%	4703	0.50%	65.26%

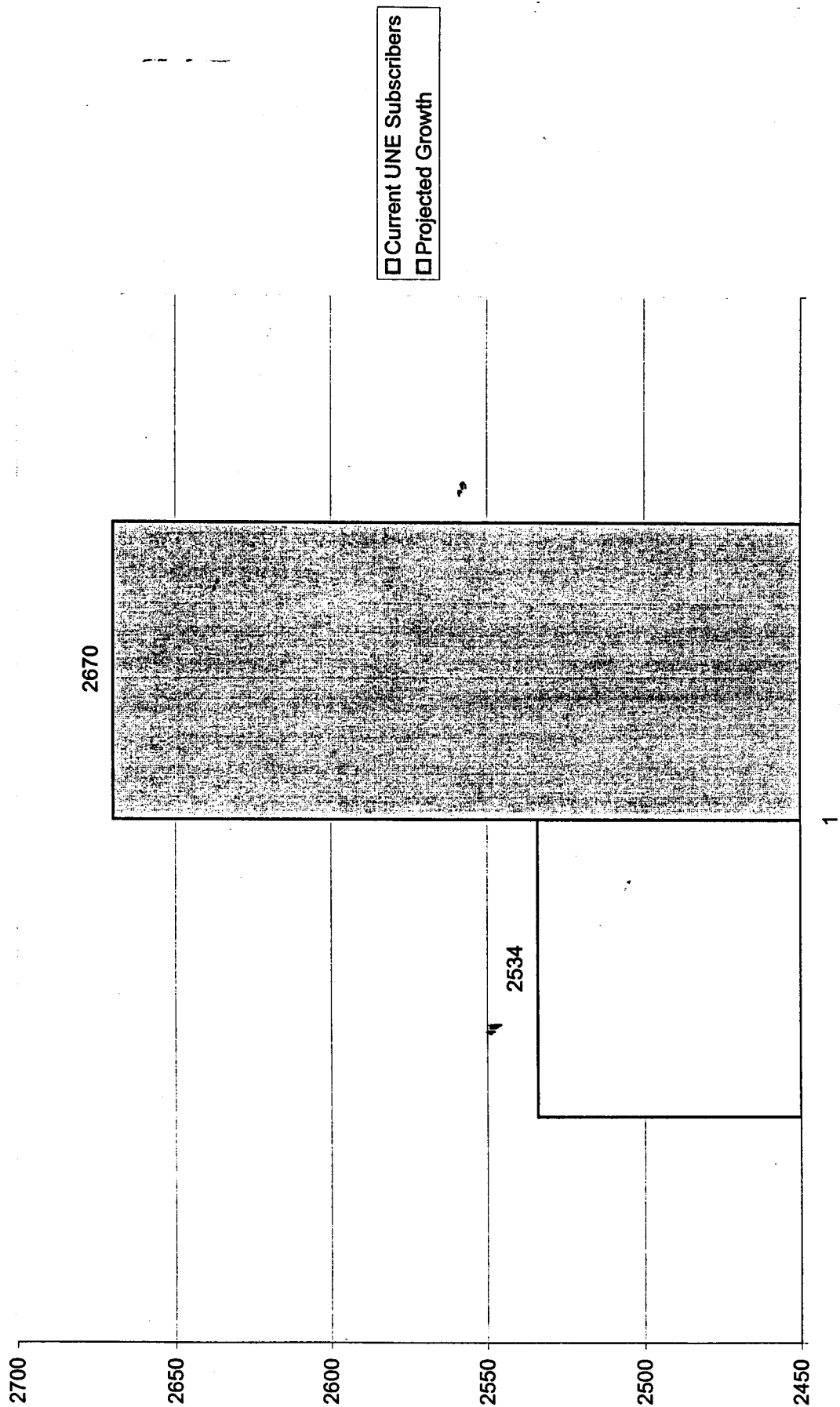
Verizon South Inc - SC



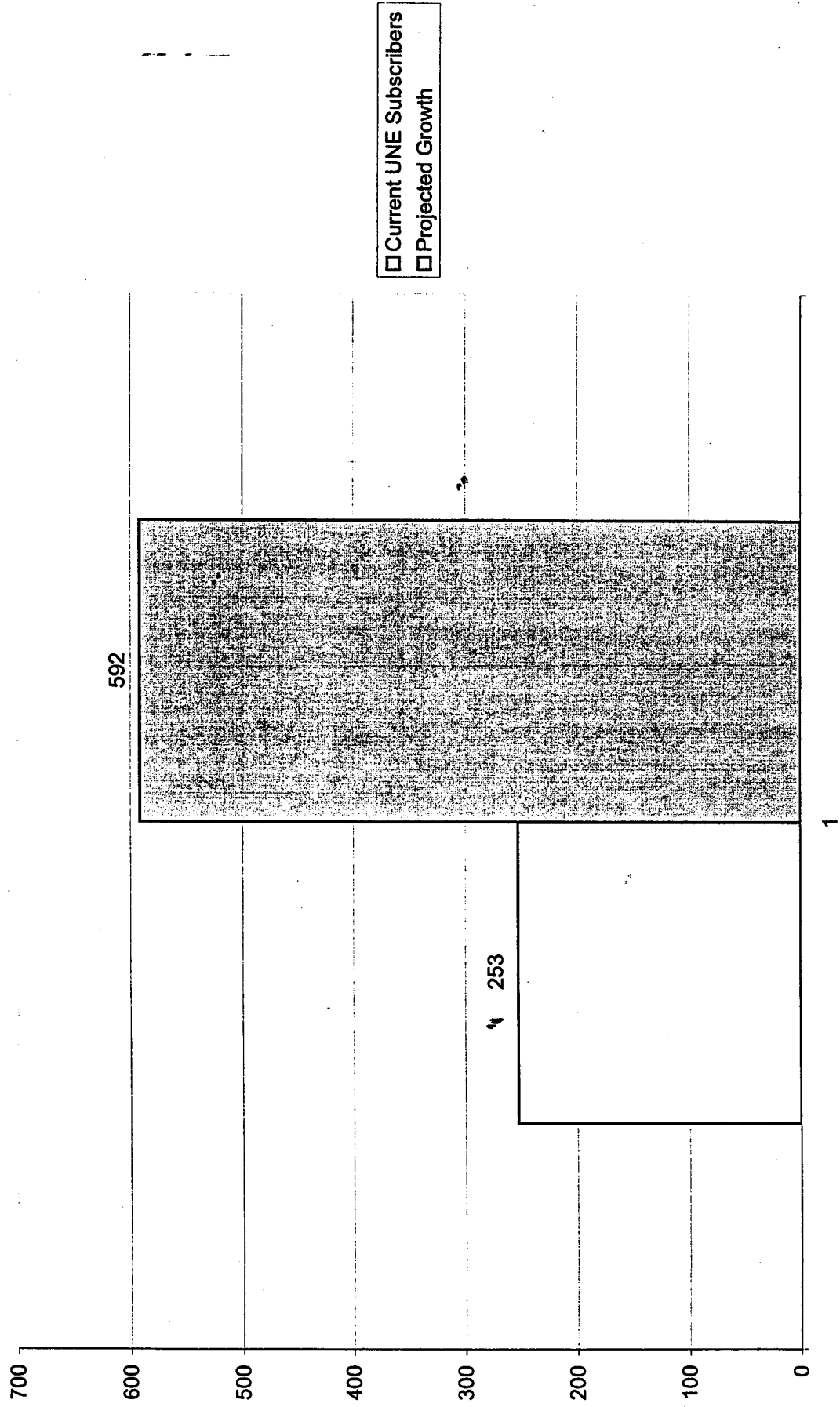
Verizon South Inc - SC (Contel)



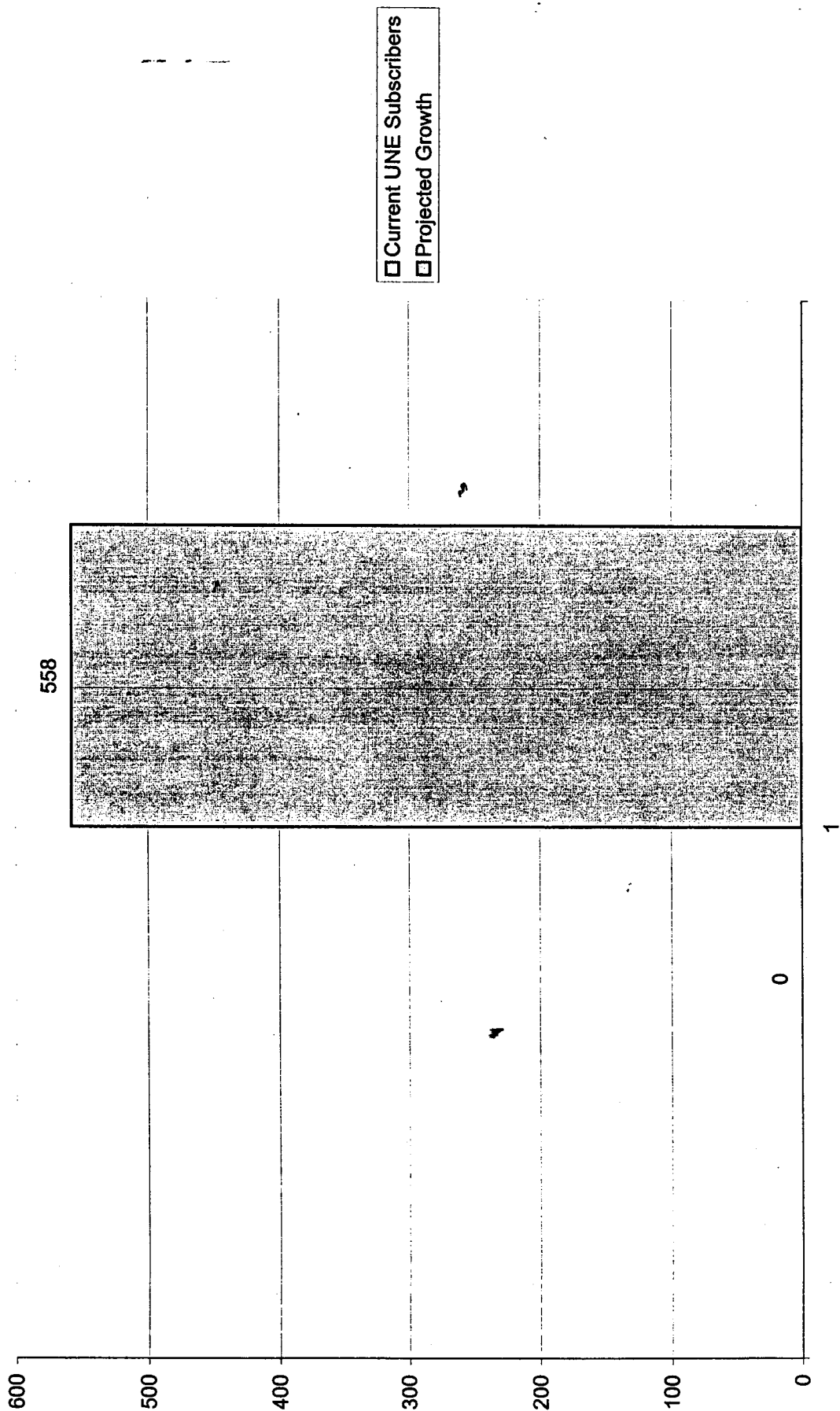
BellSouth SC UNE Zone 1



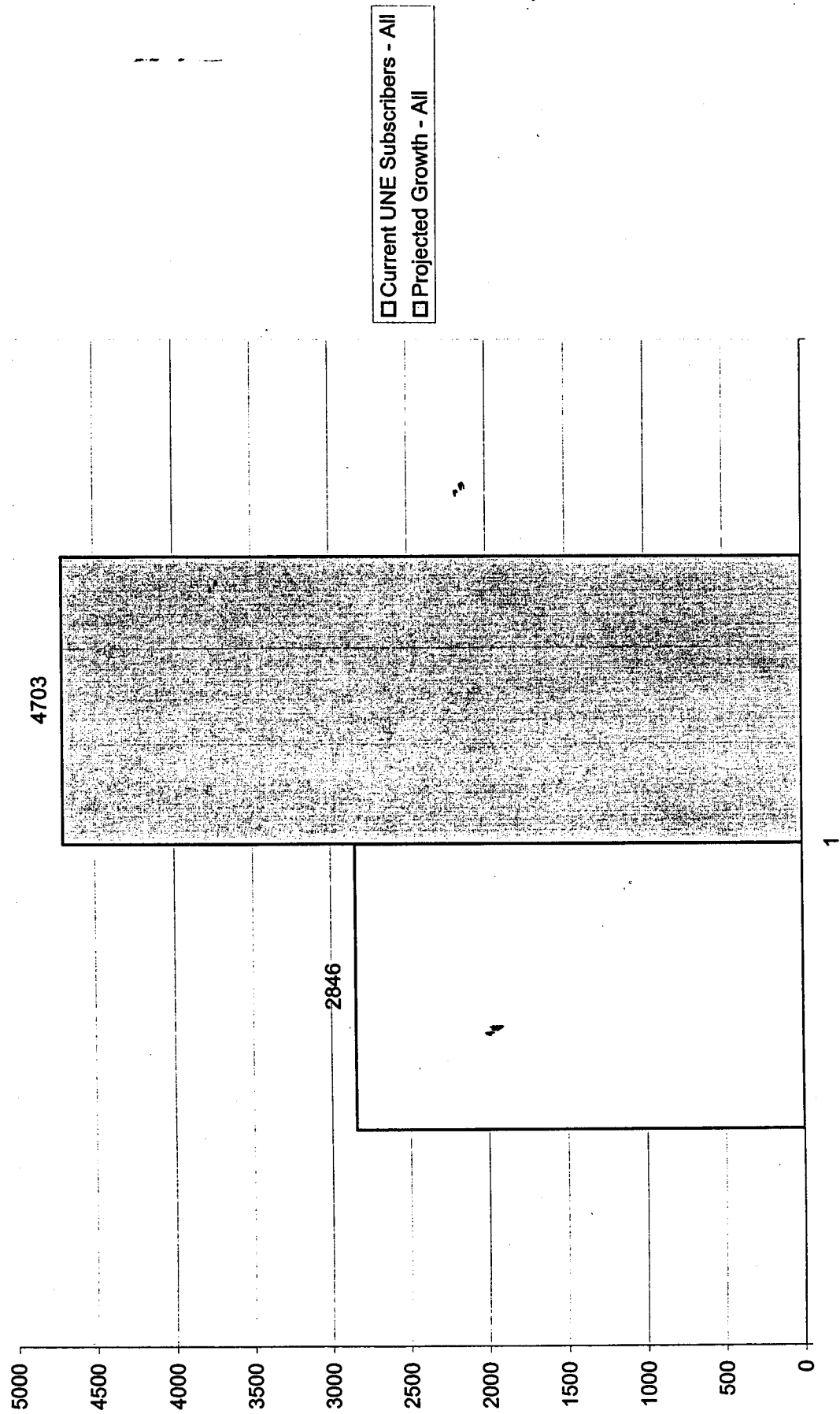
BellSouth SC UNE Zone 2



BellSouth UNE Zone 3

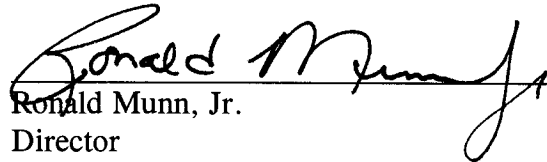


projected Growth - All Zones



VERIFICATION OF APPLICANT

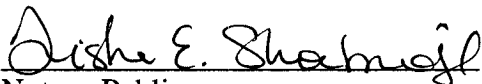
I, Ronald Munn, Jr., Director of Budget Phone, Incorporated, a Louisiana Corporation, Applicant for designation as an Eligible Telecommunications Carrier, based on information and belief, I have knowledge of the statements in the foregoing testimony, and I declare that they are true and correct.



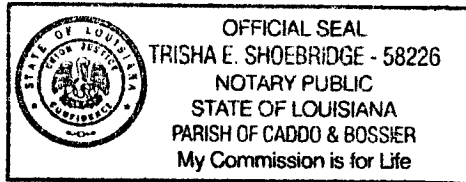
Ronald Munn, Jr.
Director
Budget Phone, Incorporated

Sworn to me, the undersigned
Notary Public on this
25th day of October, 2005.

State of Louisiana
County of Caddo Parish



Notary Public



3
10/25/05
10:10 AM
10/25/05
10:10 AM